

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: **Charles Eric Hunter** Confirmation No.: **7280**
Serial No.: **09/476,078** Group Art Unit: **3621**
Filing Date: **December 30, 1999** Examiner: **Evans J. Augustin**
For: **VIDEO AND MUSIC DISTRIBUTION SYSTEM**

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

APPELLANT'S REPLY BRIEF PURSUANT TO 37 C.F.R. § 41.41

Appellant requests the appeal in this application be maintained. To this purpose, Appellant submits this Reply in response to the Examiner's Answer dated July 14, 2008 in connection with the above-identified application. This Reply is being filed within two months of the Answer and primarily addresses the new ground of rejection under 35 U.S.C. § 101 set forth in the Examiner's Answer.

REJECTION UNDER 35 U.S.C. § 101

1. The Examiner's Answer contends that claims 1-9 and 32-33 are rejected because the claimed invention is directed to non-statutory subject matter. The examiner's explanation of the rejection is succinct: Based on Supreme Court precedent and recent Federal Circuit decisions, a process under Section 101 must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. If neither of these requirements is met by the claim(s), the method is not a

patent eligible process under Section 101.¹ The examiner asserts that, “In this particular case, the information is not coming directly from the station such that the step does not require a tie to another statutory category, but even if it did, Examiner has considered merely gathering of data with a machine to be nominal.”

2. Appellant respectfully disagrees. First, we submit that Supreme Court and Federal Circuit Precedent do **not** limit patent eligibility to processes tied to another statutory class or to processes that transform underlying subject matter to a different state or thing. Moreover, assuming for the sake of argument that the Office’s view of the law is correct, we submit that Appellant’s claims pass muster under Section 101 because the claimed subject matter is tied to another statutory class, i.e., a particular apparatus.

A Process Under Section 101 Does Not Require Physical Transformation Nor a Tie to Another Statutory Category

3. The Office’s position, that a Section 101 process must either be tied to a particular apparatus or transform an article to a different state or thing, is contrary to the widely adopted view that Section 101 should be interpreted broadly. The Supreme Court has broadly applied the patent statute without technological exclusions. “Congress intended statutory subject matter to ‘include anything under the sun that is made by man.’”² For more than two centuries, the judiciary has “reconciled cutting-edge technologies with a statute, the language of which dates back to the beginning of the Republic.”³ In discharging its duties, the Patent and Trademark Office has always been asked to analyze the new and unusual, from Morse code, telephones, living organisms, business methods, to computer software.⁴

4. With regard to physical transformation, the Supreme Court has maintained that transformation of an article to a different form is only an **example** of statutory subject matter, not

¹ The examiner cites to the following Supreme Court decisions: *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); and *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876). No analysis of the cases is provided.

² *Diamond v. Diehr*, 450 U.S. 175, 182 (1981), quoting S. Rep. No. 979, 82d Cong., 5 (2d Sess. 1952); H.R. No. 1923, 82d Cong., 6 (2d Sess. 1952), U.S. Code Cong. & Admin. News 1952, pp. 2394, 2399.

³ *In re Nuijten*, 500 F.3d 1346, 1350 (Fed. Cir. 2008) (Linn, J., dissenting-in-part).

⁴ See, e.g., *O’Reilly v. Morse*, 56 U.S. (15 How.) 62 (1854); *The Telephone Cases*, 126 U.S. 1 (1898); *Diamond v. Chakrabarty*, 447 U.S. 303 (1980), *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998); *AT&T Corp. v. Excel Comm’s, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999).

a requirement. See, e.g., *Diehr*, 450 U.S. at 184 (using “transformation” as an example of statutory subject matter denoted by “e.g.”); *Gottschalk v. Benson*, 409 U.S. 63, 70-71 (1972) (transformation is a “clue”); *Parker v. Flook*, 437 U.S. 584, 588 n. 9 (1978). Transformation may be a sufficient condition in some cases, **but it is not necessary**.

5. The Federal Circuit’s decision in *AT&T Corp. v. Excel Commc’s, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999) provides a crisp analysis of the issue. When a claim is “directed to a process in the first instance, a structural inquiry is unnecessary.” *AT&T*, 172 F.3d at 1359. If no structure is required, no “physical transformation” of that structure can be required. As explained in *AT&T*, the unfounded suggestion that structural limitations are required may stem from the now antiquated *Freeman-Walter-Abele* (F-W-A) test, widely used prior to *Diehr* and prior to the Federal Circuit’s *en banc* decision in *In re Alappat*, 33 F.3d 1526, 1542 (Fed. Cir. 1994) (*en banc*). “After *Diehr* and *Chakrabarty*, the *Freeman-Walter-Abele* test has little, if any, applicability to determining the presence of statutory subject matter.” 172 F.3d at 1374 (citations omitted). The Court in *AT&T* found the cases that rely on the physical limitations inquiry of F-W-E inapplicable. *Id.* at 1359-60 (distinguishing as inapposite: *In re Grams*, 888 F.2d 835, 839 (Fed. Cir. 1989); *In re Schrader*, 22 F.3d 290, 294 (Fed. Cir. 1994); *In re Warmerdam*, 33 F.3d 1354, 1359-60 (Fed. Cir. 1994).)

6. The Office has also taken the position that the term “process” must somehow be linked to one of the other statutory categories recited in Section 101, and therefore cannot stand on its own. A plain reading of Section 101 does not permit such an interpretation: “any new and useful process, machine, manufacture, **or** composition of matter.” 35 U.S.C. § 101 (emphasis added). The statute does not require a “process” to be based on one of the other categories. The Office’s view makes no sense in light of the broad reading of Section 101 required by Congress and applied by the courts. Section 101 is written broadly and traditionally has been interpreted broadly. No legislative history or Supreme Court case law suggests limiting the subject matter of these four categories; in fact, the case law teaches the opposite. See, e.g., *Chakrabarty*, 447 U.S. at 315 (patentable subject matter includes “anything under the sun made by man.”) (citations to legislative history omitted); *Diehr*, 450 U.S. at 182. The Supreme Court decisions are clear in not excluding particular technologies, not even for a new or unusual type of process. *Diehr*, 450 U.S.

at 182-83; *Parker v. Flook*, 437 U.S. 584, 590-91 (1978).⁵ The Federal Circuit has followed that interpretation:

The plain and unambiguous meaning of § 101 is that *any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may be patented if it meets the requirements for patentability set forth in Title 35.*

In re Alappat, 33 F.3d 1526, 1542 (Fed. Cir. 1994) (*en banc*) (emphasis added).

Appellant's Claims Pass Muster Under Section 101 Because the Claimed Subject Matter is Tied to an Apparatus

7. Appellant respectfully submits that the rejected claims recite patent-eligible subject matter even under the more restricted view of Section 101 advanced in the Examiner's Answer. This is because a reasonable and fair reading of the claims reveals that the claimed method cannot be carried out without a machine or other apparatus. In the following paragraphs, we treat the various claims separately. These claims shall not be deemed to stand or fall together.

8. **Claim 1:** Appellant's claim 1 reads as follows (emphasis supplied):

1. A method comprising:

receiving unrestricted playback selection information regarding a previously recorded music content item *from a station*, said station being associated with a customer, said unrestricted playback selection information having been *generated automatically* upon determining that the previously recorded music content item has been played at least a predetermined number of times at the station;

granting permission for unrestricted playback of the previously recorded music content item; and

billing the at least one customer based on the unrestricted playback selection information received.

⁵ Rather, the Supreme Court cases are based on the facts of each case during those eras. *Id.*; see *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972). In *Benson*, during a time when the Office had determined computer programs to be unpatentable, the Court held claims to a formula for converting BCD numerals using a computer unpatentable because that claim would wholly preempt the mathematical formula. Yet, the Court was clear that its holding did not apply to all computer programs: "It is said that the decision precludes a patent for any program servicing a computer. We do not so hold." 409 U.S. at 72, see *Diehr*, 450 U.S. at 198 nn.10-11 (Stevens, J. dissenting).

As explained in Appellant's Brief in this matter, the claims relate generally to methods for distributing music. In an example embodiment, digital music is transmitted to customer stations. Customers may preselect music content items for recording in local storage. Customers may be allowed to play recorded music items up to a predetermined number of times without charge, or they may select music items for unrestricted playback. Alternatively, a request for unrestricted playback rights may be generated automatically when the customer plays the music item a predetermined number of times. The request is received by a distribution system which then grants the unrestricted playback rights and bills the customer for those rights.

Claim 1 recites several aspects that can only be reasonably construed as requiring the use of physical apparatus. These include: receiving unrestricted playback selection information, granting permission for unrestricted playback, and billing the customer. Moreover, claim 1 specifies that, "said unrestricted playback selection information having been generated automatically upon determining that the previously recorded music content item has been played at least a predetermined number of times at the station." These recitations, given their broadest reasonable interpretation in view of Appellant's specification, cannot be construed as encompassing a method devoid of any tie to physical apparatus. The rejection under Section 101 is therefore improper.

9. **Claim 2:** Dependent claim 2 recites "transmitting digital music content at data transmission rates faster than real time." This clearly requires the use of digital technology, i.e., a machine. The rejection under Section 101 is therefore improper and should be reversed.

10. **Claim 4:** Claim 3 recites "providing an interactive program guide via a display device configured to enable selection of available digital music content items and selection of functions for recording said music content items and functions for playing back recorded music content items." Again, this clearly requires the use of digital technology, and so the rejection under Section 101 should be reversed.

11. **Claim 5:** Claim 5 depends from claim 4 and recites "receiving and decoding a music content item and associated information and storing the decoded music content item and associated information in a digital data storage device." Here again, these acts require the use of digital technology and, therefore, the rejection under Section 101 should be reversed.

12. **Claim 6:** Claim 6 depends from claim 5 and recites “providing remote access to said decoded content availability, scheduling and content pricing data, said remote access including a direct Internet access link to a website of the content provider or via phone line connection.” These involve physical apparatus and for this reason the rejection under Section 101 should be reversed.

13. **Claim 7:** Claim 7 depends from claim 6 and recites “enabling the playing of a decoded and stored music content item a limited number of times on a no-charge basis.” Such enablement ties the claimed subject matter to specific apparatus and so the rejection under Section 101 should be reversed.

14. **Claim 8:** Claim 8 depends from claim 7 and recites “generating a permanent enabling code for inclusion with said recorded music content items selected for unrestricted playback to thereby enable unrestricted playback.” Again, this requires the use of digital technology. The rejection under Section 101 should be reversed.

15. **Claim 9:** Claim 9 recites “transmitting digital music content to the at least one station via a direct broadcast satellite (DBS) system, said transmitting comprising: scheduling and transmitting encoded music content to a direct broadcast satellite up-link facility via a central controller and transmitting program/pricing information to said up-link facility on a periodic basis.” These recitations tether the claimed method to specific apparatus. The rejection under Section 101 should be reversed.

16. **Claim 32:** Independent claim 32 reads as follows (emphasis added):

32. A method of *distributing a music content item*, the method comprising:

providing information identifying a music content item available for recording;

enabling preselection of the music content item for recording at a station;

transmitting the music content item to the station;

receiving a request for unrestricted playback rights for the music content item, said request having been *generated automatically* upon determining that the music content item has been played at least a predetermined number of times at the station; and

transmitting, in response to the received request, a code configured to enable unrestricted playback of the music content item.

Claim 32 recites several aspects that can only be reasonably construed as requiring the use of physical apparatus. These include: information regarding a music item available for recording is provided to a consumer, consumer preselection of the music item is facilitated, the music item is transmitted to a station, a request for unrestricted playback rights for the music item is automatically generated when the music item has been played some predetermined number of times and the request is received, and an enabling code for unrestricted playback of the music item is transmitted. Given their broadest reasonable interpretation in view of Appellant's specification, these recitations cannot be construed as encompassing a method devoid of any tie to physical apparatus. The rejection under Section 101 is therefore improper.

17. **Claim 33:** Claim 33 depends from claim 32 and recites, "wherein transmitting the music content item comprises transmitting digital music content via a direct broadcast satellite system." This recitation ties the claimed method to specific apparatus, and so the rejection under Section 101 should be reversed.

REJECTION UNDER 35 U.S.C. § 103(a)

18. The examiner continues to err by rejecting claims 1 – 25, 27 and 31 – 33 under 35 U.S.C. § 103(a) as allegedly being unpatentable over Schulhof in view of Neville. We will not repeat here the arguments set forth in Appellant's Appeal Brief except to reiterate that the examiner's position that the claims are directed to a mere automation of a known process is incorrect, and to say that the claimed subject matter is materially different from that contained in the combined disclosures of Schulhof in view of Neville, as explained in our Appeal Brief.

19. In the Examiner's Answer, the examiner asserts that the "aspect of 'unrestricted playback selection information having been generated automatically' is not the same as a selecting step being done automatically." "Selection information, interpreted broadly, can be a notice to make a selection or any other information about the selection." (Examiner's Answer, p. 7.) The examiner argues that, "In this case, Neville et al . . . teach allowing users to access content stored on a user device on a trial basis, then sending an enabling code to allow further use of the previously recorded product after the trial period had expired (abstract, column 13, lines 5-44)." (*Id.*) The examiner therefore maintains the position that the selection information is

generated automatically in the Neville patent. As pointed out in Appellant's Appeal Brief, at p. 12, in the teachings of Neville, when a customer attempts to play a music item an nth time, this triggers an expiration message informing the customer that a trial period is over and purchase is required. The customer must then make a decision and take an affirmative act to purchase unlimited usage rights. Appellant respectfully submits that this is different from "*receiving unrestricted playback selection information regarding a previously recorded music content item from a station, said station being associated with a customer, said unrestricted playback selection information having been generated automatically upon determining that the previously recorded music content item has been played at least a predetermined number of times at the station*" (Claim 1, emphasis added.)

CONCLUSION

For the reasons set forth above and in the Appeal Brief, reversal of the rejections under 35 U.S.C. §§ 103(a) and 101 is respectfully requested.

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